

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 USIA-06
ACDA-12 IO-13 OMB-01 TRSE-00 EB-08 DOE-11 SOE-02
/108 W

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R 070720Z MAR 78
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 9796
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY TOKYO
CINCPAC

C O N F I D E N T I A L SINGAPORE 1067

CINCPAD FOR POLAD

E.O. 11652: GDS
TAGS: RDIP, PERP, SN, VN
SUBJECT: CURRENT STATUS OF VIETNAM AND SINGAPORE RELATIONS

REF: SINGAPORE 0730

1. SUMMARY: MFA OFFICIAL STATED THAT THE OFFICIAL SINGAPORE
POLICY TOWARDS THE NORMALIZATION OF RELATIONS WITH VIETNAM IN-
VOLVES A LONG-RANGE, STEP-BY-STEP PROCESS. THE NEXT SIGNIFICANT
STEP WILL BE THE ESTABLISHMENT OF A SINGAPORE TRADE OFFICE
IN HANOI AND, GIVEN A FAVORABLE RESPONSE BY VIETNAM, THIS OFFICE
COULD BE OPENED WITHIN THE YEAR. END SUMMARY.

2. THE RECENT VISIT TO SINGAPORE OF TWO LOW-LEVEL SOCIALIST
REPUBLIC OF VIETNAM (SRV) TRADE MISSIONS PROVIDED THE PEG FOR
AN EMBASSY OFFICER TO DISCUSS THE CURRENT STATUS OF SINGAPORE-
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SRV RELATIONSHIPS WITH MFA DIRECTOR FOR REGIONAL AND ECONOMIC
AFFAIRS LEE CHIONG GIAM. IN LEE'S WORDS THE FACT THAT THE VISITS
ACTUALLY HAPPENED WAS THE MOST SIGNIFICANT ASPECT OF THE FEBRUARY
23 - MARCH 2 SRV TRADE MISSION TO INCREASE VEGETABLE EXPORTS
TO SINGAPORE AND THE CONCURRENT VISIT OF A TWO-MAN SRV ENGINEERING
TEAM TO EVALUATE TECHNICAL ASPECTS OF A 12,000 TO 15,000 KILOWATT
POWER STATION AVAILABLE FOR SALE BY PUB. (THE PUBLIC UTILITY

BOARD). NO ACTUAL SALES RESULTED FROM THE VISITS, BUT A LOW-LEVEL, OFFICIAL DIALOGUE ON TRADE MATTERS WITH THE SRV WAS RESUMED FOLLOWING A FOUR MONTH HIATUS.

3. LEE SAID WHILE SINGAPORE WANTED FRIENDLY RELATIONSHIPS WITH THE SRV, THE PROCESS LEADING TO NORMALIZATION OF DIPLOMATIC RELATIONS WOULD BE GRADUAL. SOMETIME PRIOR TO THE OCTOBER 29 HIJACKING INCIDENT, THE SRV APPROACHED SINGAPORE AND REQUESTED SINGAPORE TO EXCHANGE AMBASSADORS WITH THE SRV AND RESPECTIVELY OPEN EMBASSIES. SINGAPORE DECLINED, STATING THE COUNTRY COULD NOT JUSTIFY AN EMBASSY IN HANOI GIVEN THE CURRENT LEVEL OF TRADE WITH VIETNAM. SINGAPORE SUGGESTED THE RELATIONSHIP COULD BE GRADUALLY UPGRADED AS TRADE INCREASED. AS A FIRST STEP TOWARDS UPGRADING THE RELATIONSHIP, PRIOR TO THE HIJACKING INCIDENT SINGAPORE APPROVED AN ADDITIONAL POSITION FOR THE SRV TRADE MISSION IN SINGAPORE. THIS NEW OFFICER SHOULD ARRIVE IN SINGAPORE SHORTLY. LEE POINTED OUT THAT WHILE THE HIJACKING INCIDENT REPRESENTED A SETBACK IN SRV-SINGAPORE RELATIONSHIPS, THE RELATIVELY LOW-KEY SRV PROTEST LEFT THE DOOR OPEN FOR EARLY RESUMPTION OF TRADE RELATIONSHIPS. THE SUBSEQUENT ARRIVAL OF THE TWO TRADE DELEGATIONS, WHICH WERE ACCEPTED BY SINGAPORE AT VIETNAM'S REQUEST REPRESENTED THE FIRST STEP IN THE NORMALIZATION PROCESS SINCE THE HIJACKING.

4. IN LEE'S VIEW, WHILE SINGAPORE WELCOMES ADDITIONAL TRADE
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WITH VIETNAM, AND IN PRINCIPLE AT LEAST WOULD EVEN BE WILLING TO EXCHANGE AMBASSADORS IF THE LEVEL OF TRADE JUSTIFIED IT, SIGNIFICANT OBSTACLES EXIST AND THE PROCESS TOWARDS NORMALIZATION WILL BE SLOW. THE MAJOR PROBLEM IS THE SRV SHORTAGE OF FOREIGN CURRENCY. ALTHOUGH IN THE SHORT TERM, SINGAPORE WILL SELL VARIOUS PRODUCTS TO THE SRV ON CASH BASIS, IF SRV DEMAND FOR SINGAPORE PRODUCTS WERE TO INCREASE, IT WOULD BE NECESSARY TO ESTABLISH SOME TYPE OF YET-TO-BE-DETERMINED BARTER ARRANGEMENT DUE TO THE SHORTAGE OF SRV HARD CASH. SINCE VIETNAM HAS RELATIVELY LITTLE TO OFFER SINGAPORE IN TERMS OF TRADE ITEMS, LEE FELT NO SIGNIFICANT JUMP IN THE TRADE LEVEL SHOULD BE ANTICIPATED UNTIL VIETNAM OIL EXPLOITATION BEGINS TO PRODUCE A CASH FLOW FOR THE COUNTRY.

5. LEE SPECULATED THAT OVER THE NEXT YEAR SINGAPORE WILL SEND SEVERAL LOW-LEVEL TRADE MISSIONS TO HANOI AND THAT IT IS POSSIBLE, ASSUMING FAVORABLE RESPONSES FROM HANOI, THAT A ONE-MAN SINGAPORE TRADE OFFICE COULD BE OPENED IN HANOI WITHIN THE YEAR. LEE EMPHASIZED, HOWEVER, THAT THE OPENING OF A TRADE OFFICE DEPENDS ENTIRELY UPON INCREASED TRADE BETWEEN THE TWO COUNTRIES AT A SUFFICIENT LEVEL TO JUSTIFY THE COST OF THIS OFFICE.

6. IN AN INTERESTING ASIDE, LEE SAID THAT THE CURRENT
SRV TRADE REPRESENTATIVE TO SINGAPORE, LE VAN MAU, WILL RETURN
TO HANOI IN APRIL TO ASSUME THE POSITION OF DEPUTY DIRECTOR
GENERAL OF THE MINISTRY OF FOREIGN TRADE. THE HEAD SRV TRADE
REPRESENTATIVE IN TOKYO WILL REPLACE MAU AS THE SENIOR SRV
TRADE REPRESENTATIVE IN SINGAPORE.
HOLDRIDGE

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